



# SUSTAINABLE WATER AND SANITATION IN AFRICA (SUWASA)

REFORM WORK PLAN (RWP) for WATER SECTOR  
REFORM PROJECT IN BAUCHI STATE, NIGERIA

November 5, 2010

# Project summary sheet

Project title	Water Sector Reforms in Bauchi State
Country	Nigeria
Specific location	Bauchi State
Objective of the project	Support the creation of an enabling environment for the Bauchi State Water Board (BSWB) to have full operational and financial autonomy, accountability and efficiency in its operations. This should lead to increased accessibility of water by the residents of the urban areas in Bauchi State
Project components	<ul style="list-style-type: none"> <li>• Undertake a Status overview using the CSO framework</li> <li>• Finalization of the water policy for Bauchi State</li> <li>• Revising the current edict into an appropriate legislation</li> <li>• Designing and implementing an institutional framework for urban water services in Bauchi State</li> <li>• Defining a regulatory framework for Urban Water Services</li> <li>• Design and implement a public awareness campaign</li> <li>• Performance Improvement Plan for BSWB</li> </ul>
Project duration	36 months
Total estimated budget	4 Million
SUWASA Core	1 Million
Mission buy-in	3 Million (1 Million per year for the duration of the project)
Counterpart contribution	<ul style="list-style-type: none"> <li>• Office accommodation for project staff</li> <li>• Attachment of two staff (one professional and another one for office administration)</li> <li>• Up to 5% of the total cost of the project</li> </ul>
Prime Implementing organization	Tetra Tech ARD through SUWASA regional office, Nairobi with a Team Leader appointed and based in Bauchi, Nigeria
Implementing partners	<ul style="list-style-type: none"> <li>• Bauchi State Ministry of Water Resources</li> <li>• Bauchi State Water Board</li> <li>• Federal Ministry of Water Resources</li> </ul>
Project collaborating partners	<ul style="list-style-type: none"> <li>• LEAD</li> <li>• WOP Africa</li> <li>• WSP Africa</li> </ul>
Key Project Implementation Staff	<ul style="list-style-type: none"> <li>• Team Leader –TBD</li> <li>• Institutional Development Specialist -TBD</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial Specialist -TBD</li> <li>• Technical Specialist (Engineer) -TBD</li> <li>• STTA in different areas including legal, human resources, customer care etc TBD</li> </ul>
Reporting Requirements	Monthly, quarterly, annual and end of project report (after 36 months)

# Contents

<b>1</b>	<b>LETTER OF COMMITMENT FROM RWP PROPONENT .....</b>	<b>4</b>
<b>2</b>	<b>IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS.....</b>	<b>6</b>
<b>2.1</b>	<b>CONTEXT OF THE PROJECT .....</b>	<b>6</b>
2.1.1	description of the proposed project area .....	6
2.1.2	Water Policy framework for Bauchi State .....	6
2.1.3	Legislation for the provision and economic regulation of urban water services.....	7
2.1.4	Economic Regulation of Urban water SERVICES.....	7
2.1.5	Institutional Arrangements for Water Service Delivery in Bauchi State.....	7
2.1.6	State of Sanitation in Bauchi State .....	9
<b>2.2</b>	<b>COMMITMENT AND CHAMPIONS FOR REFORM.....</b>	<b>9</b>
<b>2.3</b>	<b>OVERALL OBJECTIVES OF THE PROJECT .....</b>	<b>10</b>
<b>2.4</b>	<b>INSTITUTIONAL SET-UP AND OVERALL PROJECT ORGANIZATION</b>	<b>11</b>
<b>2.5</b>	<b>MONITORING AND COORDINATION ARRANGEMENTS .....</b>	<b>12</b>
2.5.1	Internal monitoring and quality control.....	12
2.5.2	monitoring and evaluation plan.....	12
2.5.3	Reporting on project progress .....	12
2.5.4	Environmental compliance monitoring .....	12
<b>2.6</b>	<b>PROJECT IMPLEMENTATION PARTNERS' CONTRIBUTIONS .....</b>	<b>13</b>
<b>3</b>	<b>PROJECT DESCRIPTION .....</b>	<b>14</b>
<b>3.1</b>	<b>CREATING AN ENABLING ENVIRONMENT .....</b>	<b>14</b>
<b>3.2</b>	<b>ACTIVITIES AND RESULTS TO BE ACHIEVED BY THE PROJECT ....</b>	<b>15</b>
3.2.1	TASK 1: Prepare Inception Report .....	15
3.2.2	TASK 2: Create an enabling environment for service delivery in Bauchi State .....	16
3.2.3	TASK 3: Support to Bauchi State Water Board (BSWB).....	19
<b>4</b>	<b>ASSUMPTIONS AND RISKS.....</b>	<b>20</b>
<b>5</b>	<b>LINKAGE WITH OTHER USAID OPERATIONS, COMPLIMENTARITY WITH OTHER WSS REFORMS .....</b>	<b>21</b>
<b>6</b>	<b>PERSONNEL AND MANAGEMENT PLAN .....</b>	<b>22</b>
<b>7</b>	<b>RESOURCE TABLE.....</b>	<b>23</b>
<b>8</b>	<b>PROJECT TIMELINE .....</b>	<b>24</b>

# ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
ARD	Associates in Rural Development
BASEPA	Bauchi State Environment Protection Agency
BSWB	Bauchi State Water Board
COP	Chief of Party
CSO	Country Status Overview
DCOP	Deputy Chief of Party
EGAT	Bureau of Economic Growth, Agriculture and Trade
HR	Human Resources
LEAD	Leadership Enhancement and Advocacy Development
LGA	Local Government Area
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
PIP	Performance Improvement Plan
PHCN	Power Holding Company of Nigeria
RSU	Reform Support Unit
RUWASSA	Rural Water Supply and Sanitation Agency
RWP	Reform Work Plan
SIP	(SUWASA) Small Investment Program
SOW	Statement of Work
SUWASA	Sustainable Water and Sanitation in Africa
SWA	State Water Agencies
SWRC	State Water Regulatory Commission
TA	Technical Assistance
UfW	Unaccounted for Water
USAID	United States Agency for International Development
WB	World Bank
WOP –Africa	Water Operators Partnership for Africa
WSP	Water and Sanitation Program
WSS	Water and Sanitation Services

# INTRODUCTION

Sustainable Water and Sanitation in Africa (SUWASA) is a four-year USAID initiative to assist countries of sub-Saharan Africa in progressing toward the Millennium Development Goals for water supply and sanitation. SUWASA focuses on catalyzing change among African decision makers in how they address water supply and sanitation sector challenges, by promoting reforms based on market-based principles.

This SUWASA project will be implemented in the Bauchi State of Nigeria. Its urban water service delivery is currently plagued by lack of a clear policy and legislative framework, poor institutional arrangements, a lack of autonomy, poor governance practices and lack of clear accountability frameworks. There is no cost recovery essentially due to low tariffs, low billing which is currently manually done, no metering and presumed high non-revenue water. This has led to poor service delivery and slack in the provision of water and sanitation services to the inhabitants of Bauchi.

The objective of this program is to support the creation of an enabling environment for the Bauchi State Water Board to have full operational and financial autonomy, accountability and efficiency in its operations. It further seeks to create a clear legislative and institutional framework allowing for achievement of cost recovery. A tariff policy will be developed promoting the principle of cost recovery. This should lead to increased accessibility of water by the residents of the urban areas in Bauchi State.

Specifically, the project will undertake a Status overview, help in finalizing the water policy for Bauchi State, support the designing and implementing a legislative and an institutional framework for urban water services in Bauchi State, assist in defining a regulatory framework for Urban Water Services including revising the current edict into an appropriate legislation. One of the main activities will be conducting of a public awareness campaign on the roles and responsibilities of consumers especially with respect to paying for services.

The project includes the design and implementation of a Performance Improvement Plan for the utility. This will lead into the design of some minor rehabilitation works. The project will further implement a small investments program and procurement of goods to support the performance improvement of the BSWB. These will include minor rehabilitation works of the treatment plant, designing and implementing a metering program and computerizing the billing system for service delivery.

The project will be implemented in partnership with the local USAID mission who will contribute substantial financial resources. The project implementation partner will be the State Ministry of Water Resources who will also contribute some resources to the project.

# **1 LETTER OF COMMITMENT FROM RWP PROPONENT**



## BAUCHI STATE GOVERNMENT

# MINISTRY OF WATER RESOURCES

Abubakar Umar Secretariat,  
Yakubun Bauchi Road  
Bauchi

19<sup>th</sup> October, 2010

Mr. Stefan Kauder  
Chief of Party  
Sustainable Water and Sanitation in Africa (SUWASA)  
SUWASA Office Nairobi  
P.O. Box 38454 - 00623  
Nairobi  
KENYA

Dear Mr. Kauder:

May I first of all extend the State Government appreciation on your effort with Mr. Jeremy for getting the programme to be approved by the USAID, Washington office for us to move into the next step of preparing the work plan and budget for the project in Bauchi State.

Engr. Hossana Dajan paid a visit to my office on Tuesday 12<sup>th</sup> October in respect of the above subject. And we had a very intimate discussion on the political will and commitment which I made on behalf of the State Government on your earlier visit regarding the SUWASA programme. In respect of those commitments, The General Manager of the State Water Board had already made a provision for;

- . Two office accommodation
- . Seconded two graduate staff (Technical and Administration) as require by the programme.
- . In the process of opening an independent account for the programme
- . The counterpart fund of 5% of the \$4,000,000:00 equivalents in Nigerian Naira will also be provided by the State Government into the programme account.

May I also inform you that the State Government will soon write a confirmation of interest and commitment letter on the National Urban Water Sector Reform Project (NUWSRP III) to The Minister of Water Resources, The Minister of Finance and the World Bank office in Abuja.

Thanks, once again for the effort

**Engr. Haruna Mohammed**  
For Hon. Commissioner  
Ministry of Water Resources  
Bauchi State

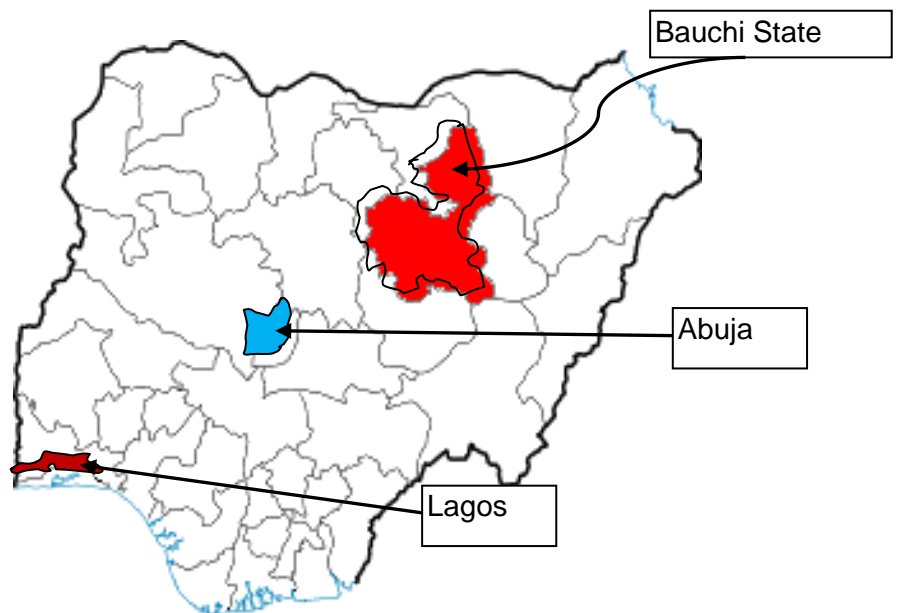
## 2 IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS

### 2.1 CONTEXT OF THE PROJECT

#### 2.1.1 DESCRIPTION OF THE PROPOSED PROJECT AREA

The proposed SUWASA project will be implemented in the Bauchi State of Nigeria. Bauchi State is one of the 36 States in Nigeria and was created on 3rd February 1976 out of the defunct North East State by the Murtala Ramat Muhammad administration. It comprises of 20 Local Governments. These are Alkaleri, Bauchi, Darazo, Dass, Ganjuwa, Itas/Gadau, Jama'are, Katagum, Misau, Ningi, Tafawa-Balewa, Toro, Zaki, Bogoro, Warji, Dambam, Kirfi, Giade, Gamawa, and Shira.

Located in the North of Nigeria Bauchi State is bordered by seven other states including Kano and Jigawa to the North, Taraba and Plateau to the South, Gombe and Yobe to the East, and Kaduna to the West. It occupies a total land area of 549,259.01 sq. Km, representing about 5.3 percent of the landmass of Nigeria. It has a total population of approximately 4.6 Million people of which 30% live in urban areas except for Bauchi town which has a total population of about 600,000 people. Urban areas in Bauchi are defined according to the population of the settlement. For all populations of 20,000 or more such settlement is defined to be an urban area.



**Figure 2-1: Map of Nigeria showing location of Bauchi State**

#### 2.1.2 WATER POLICY FRAMEWORK FOR BAUCHI STATE

The State Ministry of Water Resources is responsible for all policy, regulatory and provision of water only in the whole State of Bauchi. A draft Policy based on the model issued by the Federal Ministry of Water Resources was developed but needs some further review. Though the draft policy was presented to the State Justice Ministry, the Ministry of Water Resources would like to take advantage of the SUWASA project to provide inputs to the policy. The draft policy was developed with support from Water Aid. No consultation on the policy took place in the State. SUWASA would possibly bring international experience and knowledge on the water sector.

### **2.1.3 LEGISLATION FOR THE PROVISION AND ECONOMIC REGULATION OF URBAN WATER SERVICES**

There is no clear legislation that tackles issues of regulation of urban water services in Bauchi. However for provision of water supply there is an edict promulgated by the military regime. There is therefore need to enact a law that provides for the regulation of urban water services as well as a sustainable service provision by an autonomous institution. The starting point for this is the current edict.

### **2.1.4 ECONOMIC REGULATION OF URBAN WATER SERVICES**

There is no clear regulatory framework. This is in spite of the requirement by the Federal Ministry requiring each state to develop a regulatory framework. The Federal Government designed a strategic framework for water supply investment mobilization and application guidelines (WIMAG) with an aim of assisting States undertake water sector reforms. In this respect the WIMAG requires all States to undertake water sector reforms leading to establishment of autonomous regulatory bodies and commercialization of urban water services undertaken by autonomous bodies. Unfortunately, Bauchi State has not yet established a State Water Regulatory Commission (SWRC). The absence of such a commission could be one of the causes for lack of a clear tariff guideline, lack of performance monitoring of the BSWB. Model water supply services regulatory laws were already developed by the Federal Ministry of Water Resources. All that is required is adapting these into a State water services regulatory law.

### **2.1.5 INSTITUTIONAL ARRANGEMENTS FOR WATER SERVICE DELIVERY IN BAUCHI STATE**

Water services in Bauchi State are provided by two different agencies. For urban areas the BSWB is responsible for the development, treatment, distribution and billing for water supply. BSWB is at the moment not concerned with anything to do with sanitation whether centralized sewer system or onsite sanitation. There have been some discussions on BSWB possibly being responsible for treatment of sewerage. There is no sewage treatment plant in Bauchi at the moment. For the rural areas, the RUWASSA is responsible for the development of rural water supply systems and handed over to the communities for operation and maintenance. RUWASSA is also responsible for hygiene promotion and sanitation in rural areas.

Urban water services to all the 20 Local Government Area Headquarters (including Bauchi Town) is supplied by the BSWB. BSWB is a state-owned Board established by an edict (special law) on 29<sup>th</sup> October 1998 during the military regime. At the time of establishment a Board of Directors was put in place in line with the edict. However currently there is no Board of Directors. The General Manager is appointed by the State Governor as provided for in the edict. While the edict provides for autonomy of the BSWB, it now functions as if it is one of the Departments in the Ministry of Water Resources.

According to the edict, the responsibilities of the BSWB include the development, treatment, and distribution of potable water supply to all the urban centers within the State of Bauchi. However, recently, the State Government decided to take over the management of all the treatment plants in the state. The Government procures all the chemicals, diesel and also pays for any electricity bills arising from use of the PHCN (Power holding Company of Nigeria) network. The role of the Board was therefore reduced to that of water distribution only

The Board has approximately 18,500 house connections in Bauchi town alone. There are an additional 3,000 in Azare town (the second largest LGA) about 610 connections in Misau town – bringing a total number of connections of the Board to slightly over 22,000. While BSWB is responsible for operation and maintenance of all the 20 town schemes, there is no close working relationship between the BSWB Hq. in Bauchi and at the town level. Employees at the LGA headquarters all work as though they are employees of Government –in any case all their salaries are paid by Government.

For Bauchi town the main source of water is the Goby Dam 90% and 10% water from boreholes. All the other towns are on boreholes. In each of the towns there is a water supply network and with some individual house connections. There is no information on the number of house connections in the other towns neither are there information on billing and collection. All the records on performance of the water service delivery are kept in the respective town offices. None of the consumers in the whole state is metered and bills are prepared based on an assessed consumption according to the residential area –hence, flat rate is being charged.

In all the towns including Bauchi town, bills are prepared manually by billing clerks every month. There is no billing software. In view of the number of bills to be prepared, the current billing ratio is around 30 – 40%, i.e. about 30 – 40% of the households with house connections actually receive their monthly bills.

Collection ratio is incredibly low with an average of around 5% per year over the last three years. This is as shown in the table below:

**Table 2-1: Billing and Collection Efficiencies**

<b>All figures in Naira</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Billing	504,969,466	539,503,350	590,378,449
Collection	20,907,409	25,761,347	39,565,087
Collection efficiency (%)	4.14	4.78	6.70

Since billing is only at a rate of around 30%-40% it means potentially the billing can be more than what is indicated in the table below if it was computerized. In 2009 the Board only collected US\$263,000 (39,565,087 Naira) out of a potential collection based on billing amount of US\$3.9 Million (590,378,449 Naira).

Whatever the BSWB collects is deposited with the Government treasury. Then the treasury releases funds to the Water Board to use for operations and maintenance i.e. repairs of minor leaks, running expenses for the vehicles.

Unaccounted for water is estimated at 70% with most of the losses being attributed to commercial. This is not accurate as there are no meters.

The Board has a total staff complement of about 400 personnel spread across the State in the different towns. Part of this staff working at the various treatment plants now report directly to the Ministry. As stated above all the personnel of the Board are paid by Government. As an incentive, Employees receive an extra 20% above the civil service salaries –for those in administrative positions and 40% for those in technical scales.

In 2008, the World Bank made a careful analysis of all of Nigeria's State Water Boards through a benchmarking exercise and collected detailed information in four areas: legal/institutional, technical, commercial and financial. Bauchi was ranked in the middle (18<sup>th</sup>) of the group of 36 states. And the data confirmed the poor operating context and results as detailed above.

### **2.1.6 STATE OF SANITATION IN BAUCHI STATE**

Like most States in Nigeria, none of the towns in Bauchi has any sewer system. There is no network system neither is there any sewerage treatment plant. Most of the high cost houses are on septic tanks. Others depend on pit latrines.

Most of the emptying of septic tanks is undertaken by the private sector at an economic or market cost. The State also owns some septic tank emptying tankers. The service provided by these tankers is very cheap and at the same time in-efficient with a lot of delays. There is usually a long queue of people trying to access the services of the State owned tankers.

The septic tank emptying tankers (whether State or privately owned) just dump the sewage from the homes and institutions in open grounds –sometimes in farms –especially during the dry season. Sometimes a pit is dug and then the waste dumped in there. There is no control of dumping of the sewage.

At the Government level the State Ministry of Housing and Environment is responsible for development of policy on sanitation. It is also supposed to develop the necessary guidelines on protection of the environment.

Potential involvement of the BSWB would be through establishment of a sewage treatment plant to receive raw sewage from houses.

Hygiene promotion is the responsibility of the State Ministry of Health however they have very little activities on this.

## **2.2 COMMITMENT AND CHAMPIONS FOR REFORM**

While the above paints a rather gloomy picture, what exists in Bauchi State is a Government that is committed and willing to change. This message is consistent from the political leadership in the State, including the Commissioner of Water Resources, to the technical professionals. What is required therefore is for someone to provide the required push for reforms to be undertaken, or fully implemented, in Bauchi State.

There is also an example of a successful reform program related to governance issues. During the last decade, the Dass LGA, which is relatively close to Bauchi Town, has received substantial donor assistance from the EU, DFID and WaterAid. In 2008, Dass was ranked at the top of five States, 15 LGA studies conducted by WaterAid with particularly high marks for transparency and accountability and appropriateness of budget decisions. It is anticipated, therefore, that as SUWASA introduces concepts, such as participatory decision making, into the BSWB's operations in Bauchi State, representatives from the Dass LGA's Water and Sanitation Committee as well as from its Water Consumer Association, may become important resources in a program of peer-to-peer learning

The champions for the reform initiatives will mainly be the State Ministry of Water Resources in Bauchi. The BSWB will be fully involved in the whole reform exercise. The Federal Ministry of Water Resources is interested in following up the developments.

The World Bank has suggested that this project could be implemented in partnership with the capacity building program for the five States currently receiving investment financing. This partnership could include allowing the policy makers as well as staff of BSWB participate in training organized by the World Bank.

On another hand the WB is currently working at defining a larger investment program for the water sector in Nigeria of up to US\$300 Million. While the WB did not commit themselves to include Bauchi State, they suggested that a reformed BSWB would stand a higher chance of being one of the States to receive WB loans for financial investment. What is required is for BSWB to demonstrate cost recovery, autonomy, accountability and good governance. This is

therefore an opportunity to have an impact. On one hand there exist State leadership that is reform minded and then an opportunity to possibly access investment funds.

## 2.3 OVERALL OBJECTIVES OF THE PROJECT

The main objective of the project is to support the creation of an enabling environment for the Bauchi State Water Board to have full operational and financial autonomy, accountability and efficiency in its operations. It further seeks to create a clear legislative and institutional framework allowing for achievement of cost recovery. A tariff policy will be developed promoting the principle of cost recovery. This should lead to increased accessibility of water by the residents of the urban areas in Bauchi State

The objective will be achieved through implementing a water sector reform program which will include the following elements.

### a) **Creation of an enabling environment**

This will be implemented through six sub-components as follows:

- i. Initially conducting a status overview of the water sector in Bauchi
- ii. Policy framework;
- iii. Legislative reforms leading to enactment of a state water law;
- iv. Re-defining the Institutional framework;
- v. Introduction of a clear Regulatory framework;
- vi. Design and implement a public awareness campaign on the reforms.

### b) **Support to the Bauchi State Water Board**

Undertake a Performance Improvement Plan –PIP (WOP approach) and Implementation of the partnership approach. This will include some investments especially leading to increase of amount of water available to the residents of Bauchi town, metering all consumers and computerizing the billing and customer care.

The planned reform program will involve the adoption of commercial practices through the introduction of specific systems (accounting, billing, collection, connections, special services by types of services and income groups, business planning, internal audit, performance incentives, tariff design and implementation, etc), other private sector participation strategies such as outsourcing through performance contracts, management contracts for special areas of service and increasing the autonomy for utilities.

The project is in line with SUWASA's policy objectives as briefly described below:

#### *Autonomy:*

The project will further the objectives of creation of business units independent from government organizations through higher autonomy of financial, administrative and organizational aspects of the BSWB.

#### *Accountability:*

Following principles of corporate organizations, the project will execute a set of tasks that will define a clear line of rights and responsibilities within as well as outside the BSWB that will improve the framework of accountability. Introduction of a regulatory framework will further enhance the accountability framework.

#### *Cost reflective pricing, with provisions for the poor*

This reform project is built around the principle of transforming BSWB into a financially sustainable entity. The reformed entity will have a clearly defined management plan for achieving sustainability and will review necessary reforms like tariff adjustments. A tariff policy

that is hinged on cost recovery and commercial viability will be one of the expected outputs of this project.

*The poor and disadvantaged as valued customers:*

The project will increase access of safe, affordable, and reliable water and sanitation services to the poor and disadvantaged (including women) through the emphasis placed on highly incentivized schemes to extend the service to poor and disadvantaged areas.

*Incentives*

The reform will also take into account gains in efficiencies that will translate in economic benefits; all this will be linked to a strong performance incentive system

## **2.4 INSTITUTIONAL SET-UP AND OVERALL PROJECT ORGANIZATION**

For any reform program at State level to succeed, there should be a clear and secure buy-in from the policy makers in the State Government. Such buy-in can only be secured through adequate involvement of the State administration and participation in some of the key decision making processes. In this respect SUWASA will advocate for the formation of a State Water Sector Reform Committee to be chaired by the Commissioner of the Ministry of Water Resources. The committee will comprise of key sector institutions in the State and may include the BSWB, Ministry of Environment and Housing, Ministry of Health, RUWASSA, BASEPA, Consumer representative, etc.

A secretariat to be termed the Water Sector Reform Support Unit (RSU) will be established with the secretarial functions being undertaken by a project manager who will be a SUWASA employee and to be appointed by SUWASA. The unit will comprise of the project manager and a professional to be seconded from the BSWB during the duration of the project. Any other staff appointed to undertake specific assignments will be part of the reform support unit. The unit will secure the services of highly qualified and experienced lawyers, institutional development experts, human resources development experts and any other professional as need arises. SUWASA will include a financial specialist to design the tariff framework for urban water services delivery.

SUWASA will have physical presence in Bauchi through the offices to be offered to the program by the State Ministry of Water Resources –most likely the offices will come from the BSWB.

The reform support unit will facilitate the implementation of both components of the project.

The project will also coordinate with the existing USAID funded projects in Bauchi. Following the Mission's recommendations, the project will have a clear guideline on how to partner with LEAD –which is the closest in terms of activities with SUWASA.

The main project partners in this project include the following:

- The Federal Ministry of Water Resources (for oversight from the Federal level).
- The State Ministry of Water Resources (will be the main implementation partner)
- The BSWB
- Other partners include the Mission, other USAID projects, but most specifically the LEAD project, other donors (to be identified) working in the urban water sector in Bauchi State and the WOP Africa based in Abidjan, Cote d'Ivoire.

The State Ministry of Water Resources will be the main implementing partner of this project. They have already confirmed through the Commissioner for Water Resources that the State Administration brings political will and commitment to reform to the project. The Governor and his administration are very interested in seeing that this project succeeds and will do everything that may be needed to achieve this.

The Mission in Abuja will participate in the implementation of the project. Apart from financial contribution to the implementation of the project, the actual level of involvement of the mission will be defined during the inception phase of the project.

## **2.5 MONITORING AND COORDINATION ARRANGEMENTS**

A clear monitoring and evaluation plan will be developed and finalized during the inception phase of the project. However the starting point will be the overall performance monitoring plan (PMP) of the SUWASA program. Key indicators will be developed and used to assess progress of the project.

### **2.5.1 INTERNAL MONITORING AND QUALITY CONTROL**

Monitoring and quality control will be provided by the SUWASA Nairobi Team. The SUWASA Chief of Party will be responsible for project oversight, technical and programmatic supervision, and adherence to the Performance Monitoring Plan and the expected outputs and benchmarks. The Team Leader, to be based in Bauchi, will be responsible for providing adequate reporting and documentation on project results and progress against the approved work plan. All communications and reporting to USAID will be done by the SUWASA Nairobi Team, based upon results and communication with the coordinator. The timing of all deliverables and outputs will be specified in either the inception report or the M&E plan and the Team Leader will be responsible for reporting against these targets to the SUWASA Chief of Party.

### **2.5.2 MONITORING AND EVALUATION PLAN**

Based on the initial proposed benchmarks and indicators, the Team Leader, with assistance from the SUWASA Chief of Party, will prepare a Monitoring and Evaluation Plan aimed at specifying all the expected SUWASA results; outcomes, deliverables, and proposed benchmarks; indicators for reporting to USAID, and monitoring periods and documentation required for performance audits and evaluations. The M&E plan will be included in the Inception Report to be prepared during Task 1 of the project.

### **2.5.3 REPORTING ON PROJECT PROGRESS**

SUWASA's minimum reporting requirements encompass the following:

- Inception Report, including an updated Overall Work Plan, Monitoring and Evaluation plan and Environmental Impact assessment approach, due 60 days after project start;
- Quarterly Reports and an annual report in the fourth quarter, including a narrative on the reporting period, discussing actual project progress vis-à-vis planned and agreed project schedules, an updated work plan, and a financial resource utilization report;
- Brief monthly reports outlining activities of the month and progress on each activity.
- Final Report, including all activities performed, results achieved and resources used. The Final Report will also include a thorough analysis of established performance indicators.
- The project will also undergo a mid-term review, conducted by Tetra Tech ARD and USAID.

### **2.5.4 ENVIRONMENTAL COMPLIANCE MONITORING**

It is anticipated that there will be some investments and procurement of commodities as part of supporting the performance improvement of the BSWB. The investments will mainly be related to increasing availability of water through the rehabilitation of the treatment plant, metering of all consumers and some minor network extensions. Commodities to be procured include the necessary infrastructure required to computerize the billing system and customer care approaches. This will therefore include purchase of computers, printers and relevant software.

Detailed descriptions including approximate costs of what will be undertaken will be developed during the inception phase of the project.

An Environmental Assessment under USAID environmental requirements (22 CFR 216) will therefore be required. The necessary environmental impact assessment will be undertaken before implementing the above. The design of the environmental impact assessment as well as mitigation measures will be undertaken during the inception phase of the project.

## **2.6 PROJECT IMPLEMENTATION PARTNERS' CONTRIBUTIONS**

As part of its contribution to the project implementation, the State Ministry of Water Resources will provide office accommodation for the Reform Support Unit (RSU). It will also second two personnel from the BSWB. One will be a professional who will work hand in hand with the project manager. The second person will be a support staff to assist in running the RSU office

The State Government will also make a further contribution to the running of the project of up to 5% of the total cost. The State Government will also evaluate the possibility of contributing to the cost of rehabilitating the treatment plant.

The Federal Ministry of Water Resources suggested that they could identify a focal person that would work with SUWASA on the Federal-related activities. In addition to this, the Federal Ministry of water resources will be requested to consider contributing some financial resources in line with the provisions of the 2000 National policy on water investment sharing for urban water supply. The provision for support is also contained in the WIMAG document on regulatory commission support.

# 3 PROJECT DESCRIPTION

## 3.1 CREATING AN ENABLING ENVIRONMENT

The reforms to be accomplished within this project address constraints in the operating environment as well as internal operating problems facing BSWB. As stated above the project will start by undertaking a sector status overview. The sector overview will assess the current ability of the sector to accomplish water service delivery at the scale needed to reach the MDGs. The assessment will be undertaken using the CSO framework developed by the WSP of the World Bank. The CSO will map the sector and highlight the problems in the service delivery chain that would be needed to meet the MDGs Bauchi State. The CSO framework is for the whole water sector i.e. rural water supply, sanitation and urban water supply

In summary, therefore this project will seek to address the following issues:

<b>A. Creating an enabling environment –work with the Ministry of Water Resources</b>	
A1	Undertake a status overview of the water sector in Bauchi
A2	Finalization of the current policy framework for water services in Bauchi
A3	Development of an appropriate legislation
A4	Design and implement a clear institutional arrangement for water services in the city of Bauchi and 19 Local Government Headquarters
A5	Development of a Regulatory framework in line with the provisions of the draft water policy
A6	Design of a public awareness campaign on the reforms
<b>B. Support to the Bauchi State Water Board</b>	
B1	Undertake a Performance Improvement Plan –PIP (WOP approach) and in assessment using the template developed by the WB PSP preparedness assessment. Under this component will include the possibilities of undertaking some rehabilitation, metering and computerizing billing systems
B2	Implementation of the partnership approach

## **3.2 ACTIVITIES AND RESULTS TO BE ACHIEVED BY THE PROJECT**

### **3.2.1 TASK 1: PREPARE INCEPTION REPORT**

#### *Task Description:*

The Inception Report will provide a detailed schedule of tasks and deliverables for each of the two project components, based on a preliminary review and evaluation of project-critical information as obtained on the ground.

The inception report will also include a detailed design and terms of reference for undertaking the status overview. It will include detailed scheduling of deliverables and consultative events.

It will also include detailed description of the investment works to be undertaken as part of the project including actual budgets. A detailed description of the commodities i.e. meters, computers, billing and customer care software will also be included in this inception report.

A monitoring and evaluation plan for the project will be developed in consultation with the monitoring and evaluation specialist for the SUWASA program based in Nairobi.

The inception report will include the design of an environmental impact assessment and design of any mitigation plans based on the USAID guidelines for such type of projects.

The Team Leader will prepare the Inception Report based on the above information and may be assisted by short term specific expert input. The report will also provide a detailed plan, including for completing each of the tasks defined in this work plan. The report will include a detailed description of SUWASA's findings and recommendations, an updated work plan providing detailed schedules, milestones and deliverables; a management plan that provides procedures for coordination among key stakeholders.

A staffing plan for key personnel and technical staff, with underlying rationale, including an organizational chart demonstrating lines of authority and staff responsibility accompanied by position descriptions will also be part of the inception report.

#### *Schedule:*

Within 60 days of project start-up.

#### *Deliverable(s):*

Inception Report providing key findings and recommendations on project implementation, updated work plan Management with detailed sub-tasks and schedules; and Monitoring and Evaluation Plan, design of an environmental impact assessment plan to be undertaken after the inception phase and detailed description of the investment and commodities.

### **3.2.2 TASK 2: CREATE AN ENABLING ENVIRONMENT FOR SERVICE DELIVERY IN BAUCHI STATE**

#### *Task Description:*

This is the main component of the project and will be undertaken through a number of sub-tasks as described below. This particular component will take up to a maximum of 24 months. The duration is long because of the need to ensure full consultations on some of the decision which is different from construction type of activity. The status overview, the policy document and the institutional and regulatory framework will all need to have a buy in from all key stake holders. The stake holders include the general public through their representatives, key ministries, some donor agencies active in the sector in the state, the State administration etc.

The draft legislation will have to go through the legislature and the project will have no control on the timing as to when such legislation will be passed. However efforts will be made to ensure that the draft legislation will undergo substantial consultations before being presented to the ministry of justice.

#### **3.2.2.1 Subtask 2.1: Sector Status overview of the Bauchi Water Sector**

The WSP of the World Bank undertook the second round of Country Status Overview (CSO). This is an analysis of the current status of a country with respect to the MDGs. A detailed description of what the CSO will be is given below. The CSO was undertaken in 24 Countries including Nigeria. In view of the size of Nigeria, the CSO was undertaken at State level in the six States of Kaduna, Cross River, Kogi, Taraba, Yobe and Oyo States supported by WSP and the African Development Bank.

The methodology of undertaking the CSO was using a framework developed by WSP, a consultant is hired to do field work. Once the field work is completed a draft report is prepared and subjected to a consultative process in the Country. A final report is then prepared based on the comments from the consultative

A request came from the Federal Ministry of Water Resources for SUWASA to consider supporting an analysis of the current status of Bauchi State on the MDGs. SUWASA estimates that the analysis could be undertaken within a 3 month period. The analysis will use the framework or tool used to undertake CSOs by WSP. For purposes of quality control this component will be implemented in collaboration with WSP.

A consultant will be appointed and using the above mentioned framework, develop the status overview of the Bauchi State water sector.

Once a draft Status overview report is ready, a stakeholder's workshop will be organized to present the report. The workshop will also include discussions on the need to undertake water sector reforms. So while the status overview will present the current scenario, the workshop will also discuss a way forward. This will be part of consensus building between the State Government and key actors. The seminar could bring together all the major stakeholders including senior government representatives, key publicly elected officials, sector specialists, relevant donors that may be interested in funding infrastructure requirements for the BSWB. A number of Nigeria's state water boards have recently undergone reforms already, - some aided by the EU, the World Bank and WSP - and the BSWB is anxious to learn more about these developments and to learn how these experiences might be useful in their situation.

#### *Schedule:*

Within 4 months of project start-up.

#### *Deliverable(s):*

A status overview report for the Bauchi State water sector that is acceptable by all stakeholders. A workshop report defining the details of the reforms to be undertaken

### **3.2.2.2 Subtask 2.2: Policy framework**

Based on the outputs of the State overview (SSO) SUWASA will work with the State Ministry of Water Resources to finalize the draft State Water Policy (based on a model developed by the Federal Ministry of Water Resources and a draft policy that already exists). The objective of the Federal Water Policy is the provision of sufficient potable water and adequate sanitation to all Nigerians in an affordable and sustainable way through participatory investment by the three tiers of government, the private sector and the beneficiary.

The current draft is reasonably well written and contains most of what is required to be contained in any policy document. A decision will however have to be made as to whether to include sanitation in this policy document. Currently, sanitation is the responsibility of the Ministry of Environment and Housing.

The State Water Policy should clearly state the rights and obligations of the different stakeholders, including defining how services are to be delivered. It should give guidance on the role of the private sector, performance monitoring, and regulation of the service delivery and drinking water quality issues. The policy should also include how investment in infrastructure will be financed. SUWASA, with appropriate stakeholders, will need to support the establishment of a new state water policy and then recommend the oversight and institutional framework and capacity requirements to implement such a new policy.

A second policy document to be developed will be a tariff policy. The development of the tariff policy will need to be combined with a lot of public awareness campaigns for the consumers as well as government to accept the proposed changes. The tariff policy will be based on charging for water services on a cost recovery basis while taking into account the needs of the poor. The tariff policy should lead the Board to achieving commercial viability –able to meet all its operating costs including salaries for staff, chemicals and energy related costs. The tariff policy should be implemented at a gradual pace to cushion any effects of immediately going for full cost recovery. The development of the tariff policy will have to include an exercise to obtain cost data for water provision in the urban areas of Bauchi State.

#### *Duration*

3 months.

#### *Deliverable(s):*

A revised State Water policy

A tariff policy for the state

### **3.2.2.3 Subtask 2.3: Legislative and regulatory framework**

Based on the State Water policy, a clear law should be developed defining the roles and responsibilities of the identified institutional arrangement for urban water service delivery in Bauchi State. The starting point will be the provisions contained in the Edict that established BSWB. As stated above, the Edict contains some innovative and progressive clauses which can be adapted into the new law. The law should encompass service provision as well as regulation. This should also clearly state the roles and responsibilities of the proposed regulatory framework. The law should give opportunities for autonomy, accountability and promotion of transparency in the operations of the BSWB as well as those of the regulator. The law will set a clear signal that the State is serious about granting operational and financial autonomy to the water services board and the required independence of the regulator. The law should allow for adoption of modern utility management principles, i.e. strategic business planning, performance compensation systems, streamlined organization approaches, an independent Board of Directors for the BSWB, and accurate measurements of operations.

#### *Duration*

6 months.

*Deliverable(s):*

Water and sanitation services legislation

A clearly defined regulatory framework for urban water services in Bauchi State. This should include definition of the institutional arrangements and funding mechanisms for the regulatory mechanism.

#### **3.2.2.4 Subtask 2.4: Strategy and Institutional framework**

A strategy on how the policy framework defined above would be implemented will be developed for the State. This would include the development of a clear institutional framework for water and sanitation services delivery. This would have to be through a consultative process where different options for the institutional arrangements would be assessed, analyzed and discussed. The most appropriate institutional arrangement will be the one that assures water services are provided sustainably, efficiently and affordable to most consumers. The BSWB and the State should clearly understand the advantages and disadvantages of each option so that the Government can make an informed decision on the most appropriate option. SUWASA would then support the implementation of this new and agreed institutional framework.

The BWSB should have autonomy to make decisions based on sound technical and commercial information. Currently it has neither the information base for decision-making, the autonomy to render decisions, or the resources at its disposal to implement decisions.

The institutional framework should clearly define the governance structures i.e. if it is to be a commercialized entity then there should be a clear separation of powers in the operations of the Board and involvement of the State Government. Such separation could include the State administration remaining with the policy making function and appointment of a professional Board of Directors for the State water Board. The State Government will need to clearly understand the importance of separation of roles, introduction of checks and balances, appointment of independent and qualified members of the Board of Directors. SUWASA feels that the Board of Directors should be given the powers to appoint strong leadership in key areas of operation, including the General Manager. This is a very important issue that affects the operation and quality of services and the government has to be aware that professional management is needed in critical technical areas.

*Duration*

9 months.

*Deliverable(s):*

A clear institutional framework for provision of urban water services in Bauchi State

Implementation of the proposed structures –establishment of an autonomous body for provision of water services

#### **3.2.2.5 Subtask 2.5: Regulatory framework**

The institutional framework will include defining a regulatory mechanism as well as the role of the newly established regulator. The Federal Ministry of Water Resources already produced model laws that can be used by the State Governments to establish an autonomous regulatory commission. The model laws were developed based on international practice. The project will therefore support the State Government in adapting the regulatory law as well as support the establishment of a State Water Regulatory Commission (SWRC). The regulator may have the role of approval of tariffs that promote cost recovery and the commercial viability of urban water services but at the least include performance monitoring of the State Water Board.

#### *Duration*

9 months (this will be implemented in parallel with the institutional framework for water services delivery).

#### *Deliverable(s):*

A clear institutional framework for the economic regulation of urban water services in Bauchi State

Implementation of the proposed structures –establishment of an autonomous State Water Regulatory Commission

### **3.2.2.6 Subtask 2.6: Design and implement a public awareness campaign on the reforms**

An important component of the reform program will be to communicate the reforms in order to secure a buy in from all stakeholders i.e. the general public, policy makers, employees of the BSWB as well as the ministry etc. One of the major barriers to cost recovery at the moment is the long standing tradition that water should be given for free as this is the responsibility of Government. Government would therefore need to explain to the population that it cannot afford to give water for free. There has to be a clear Government policy, to be communicated clearly and effectively. SUWASA would therefore support the Government's efforts in securing public support for cost recovery on water services.

#### *Duration*

On going.

#### *Deliverable(s):*

Water sector reforms well accepted by all stakeholders

### **3.2.3 TASK 3: SUPPORT TO BAUCHI STATE WATER BOARD (BSWB)**

#### *Task Description*

The main objective of any reform program should be improved service delivery to all the residents of the State. This could be achieved by creating an opportunity for more infrastructure investment or improved performance of the service provision. The BSWB should therefore improve in its operational efficiency as a result of the reforms. However this improvement will only be realized through the development of a performance improvement plan and supporting its implementation. This component will be implemented in partnership with WOP Africa, but only after the policy and institutional framework for service provision has been defined.

A quick situation analysis would be undertaken within the scope of WOP Africa. A utility that has gone through a transformation could be identified through the WOP Africa mechanism to undertake such a situation analysis. SUWASA could use one of the three African partner institutions in undertaking this component.

While WOP Africa could define the performance improvement plan, SUWASA will update and undertake a detailed assessment of the BSWB to determine what may be required to ensure that BSWB reaches financial sustainability. SUWASA would further support the implementation of the recommendations that may result from such an assessment.

As stated above, BSWB requires a lot of support to turn around the company. Implementation of the performance improvement plan would also require some small investment support. This will be in the form of

- Improving on the metering situation of the customers in Bauchi,
- Computerizing the billing system and

- Minor repairs to the treatment plant and distribution network.

While the assessment could be undertaken in parallel with the implementation of the reform activities, actual timing of the implementation will depend on the timing for the establishment of the newly reformed institutions.

*Duration*

9 months.

*Deliverable(s):*

A performance improvement plan designed

Detailed designs and actual works on the rehabilitation of the treatment plant

All consumers in Bauchi town are metered

The billing and customer care system are computerized.

## 4 ASSUMPTIONS AND RISKS

- Due to the nature of such reform projects which require strong commitment from policy makers, a change of political leaders supporting the project or attrition of trained expertise due to lack of adequate incentive schemes will have a serious political risk. The project therefore needs to regularly monitor this risk and work intensively in widening the political support for planned reforms immediately upon the start of operations.
- The nature of the stability and subsequent receding of the animosity between the residents of the north and south of Nigeria is assumed to continue to be peaceful allowing SUWASA to achieve its objectives in Bauchi. In the event that tension resurfaces and clashes recur, the implementation of the project will be seriously jeopardized.
- The probability that Government appoints private non-partisan stakeholders in the Bauchi Water Board of Directors is low. Mitigation measures should include encouraging political leaders to take this crucial step for transforming the water supply and sanitation sub-sector; among others through experience sharing and familiarization tours to neighboring countries applying this practice.
- The assumption that key trained technicians remain in position during the implementation of the project is crucial for safeguarding the transfer of skills and knowledge and ensuring sustainability of interventions. The likelihood for this assumption not to occur is rated as medium given the relatively higher salaries paid by non-governmental and private organizations looking for highly qualified experts. The risk of high attrition of trained operators can be reduced through proper incentive schemes that should be adopted by the relevant institutions upon proposal by the project.

## 5 LINKAGE WITH OTHER USAID OPERATIONS, COMPLIMENTARITY WITH OTHER WSS REFORMS

The main reform partner in this project is the State Ministry of Water Resources. The Ministry expressed its willingness and support to the implementation for the project. Management at the BSWB is also committed to supporting the implementation of the reform program. Certainly, there is optimism from both the Water Board and the Ministry. Both give opportunity for success in implanting the project. A letter of commitment from the State administration is given.

The second partner of reform, the USAID Mission Director also committed the Mission's support including buy-in funds that will help implement the support to both cities. The USAID mission may also facilitate high level advocacy with the top political office bearers in the State for purposes of the reforms in the sector.

Based on discussions, the initial Mission contribution will be around \$1 Million. For subsequent years there is a possibility of a similar level of mission buy in.

In early 2010, USAID/Nigeria initiated three large multi-year programs in the health, education and governance sectors and focused them on the two states of Bauchi and Sokoto. Water and sanitation are cross cutting issues in each of the new programs, and the Mission invested \$1.5 million of "water earmark" money in the "Leadership, Empowerment, Advocacy and Development" (LEAD) governance program. The LEAD project is designed to build accountable and effective local government through capacity strengthening of select, "champion," Local Government Authorities (LGAs) and civil society organizations for improved service delivery, including water and sanitation. For its first year of operation, the LEAD program selected four "champion" LGAs in Bauchi, namely Bauchi Town, Dass, Ningi, and Katangum out of the total of 20.

While the trio of new USAID programs can make substantial progress on water and sanitation programs in the rural, small and secondary towns of Bauchi State, a separate effort, using SUWASA, is required to transform the operations of the Bauchi State Water Board (BSWB) in the capital city. Although the BSWB has a limited presence in each of the 20 LGA headquarters outside of Bauchi Town, nearly 90% of its water connections are in the capital city. SUWASA, therefore, will extend most of its efforts to Bauchi Town, where it will work in collaboration with the LEAD project and its staff located there. In turn, the LEAD project is expected to be in the forefront in those 19 other LGAs, where the dominant position in the water and sanitation sector is actually taken by another Bauchi State agency, the Rural Water and Sanitation Authority (RUWASA). LEAD will have the sole contact with the RUWASA.

Finally, the SUWASA program will meet with the CEO of the very successful Nigerian NGO, Woman Farmers Advancement Network (WOFAN), to review training methods, capacity building plans and resources. WOFAN is currently implementing the third phase of its USAID-funded program of providing water and sanitation to schools and health clinics along with programs of community and student hygiene education (the second phase was in Bauchi State).

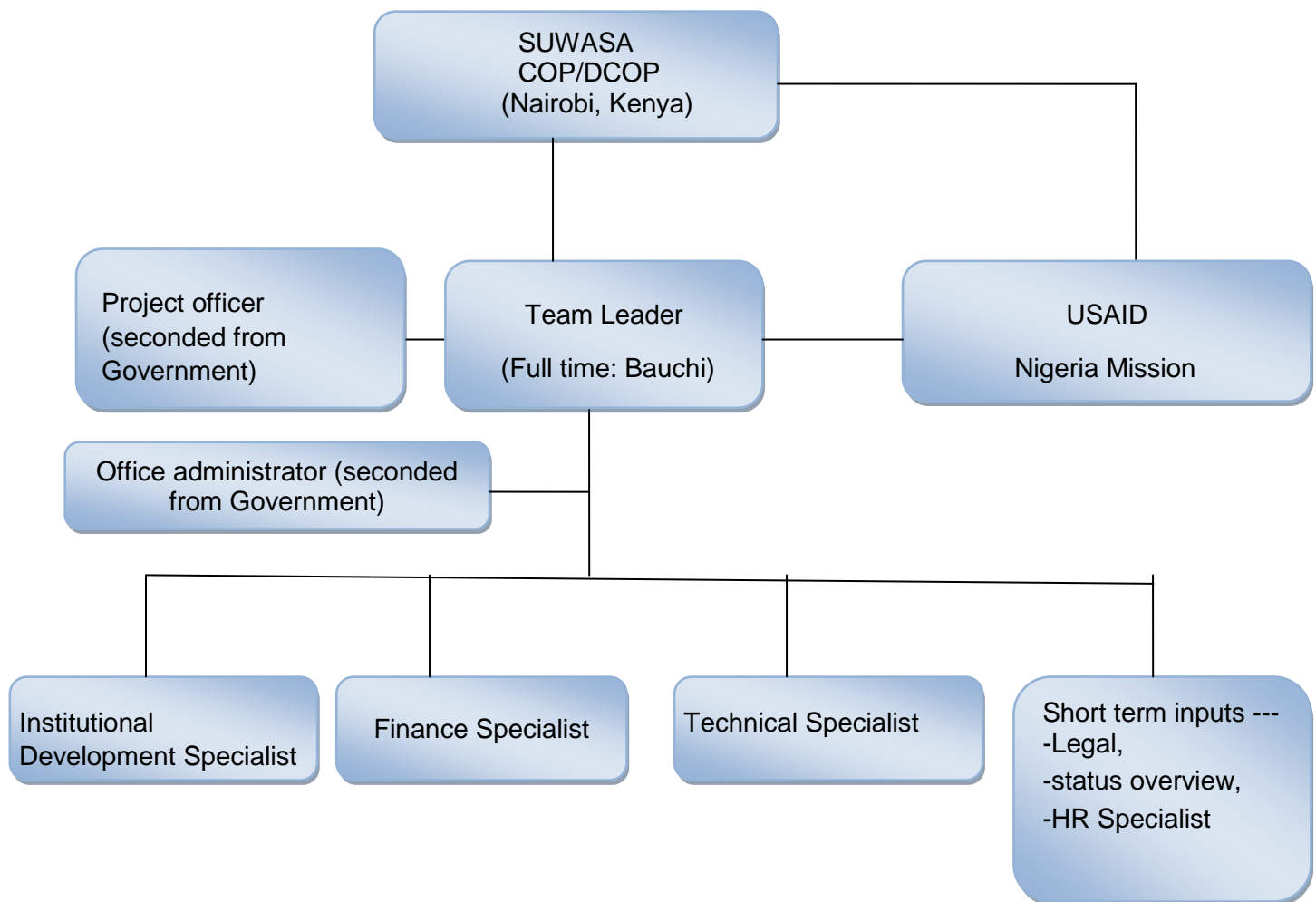
## 6 PERSONNEL AND MANAGEMENT PLAN

SUWASA will provide a full-time Team Leader, based in Bauchi, work directly with the designated BSWB Team Leader. The SUWASA Team Leader will coordinate project activities among the key project partners and donors including the World Bank. The SUWASA Team Leader will report directly to SUWASA's Nairobi-based Chief of Party, who will be responsible for overall management of the project and quality control of all project deliverables. The Chief of Party will conduct project meetings, either in person or by telephone, with the Team Leader and the SUWASA Team Leader on a least a monthly basis.

SUWASA will provide technical advisers to provide long- and short-term technical assistance in accordance with this work plan, under the direction of the SUWASA Team Leader and the Chief of Party.

Below is the proposed staffing plan for the project.

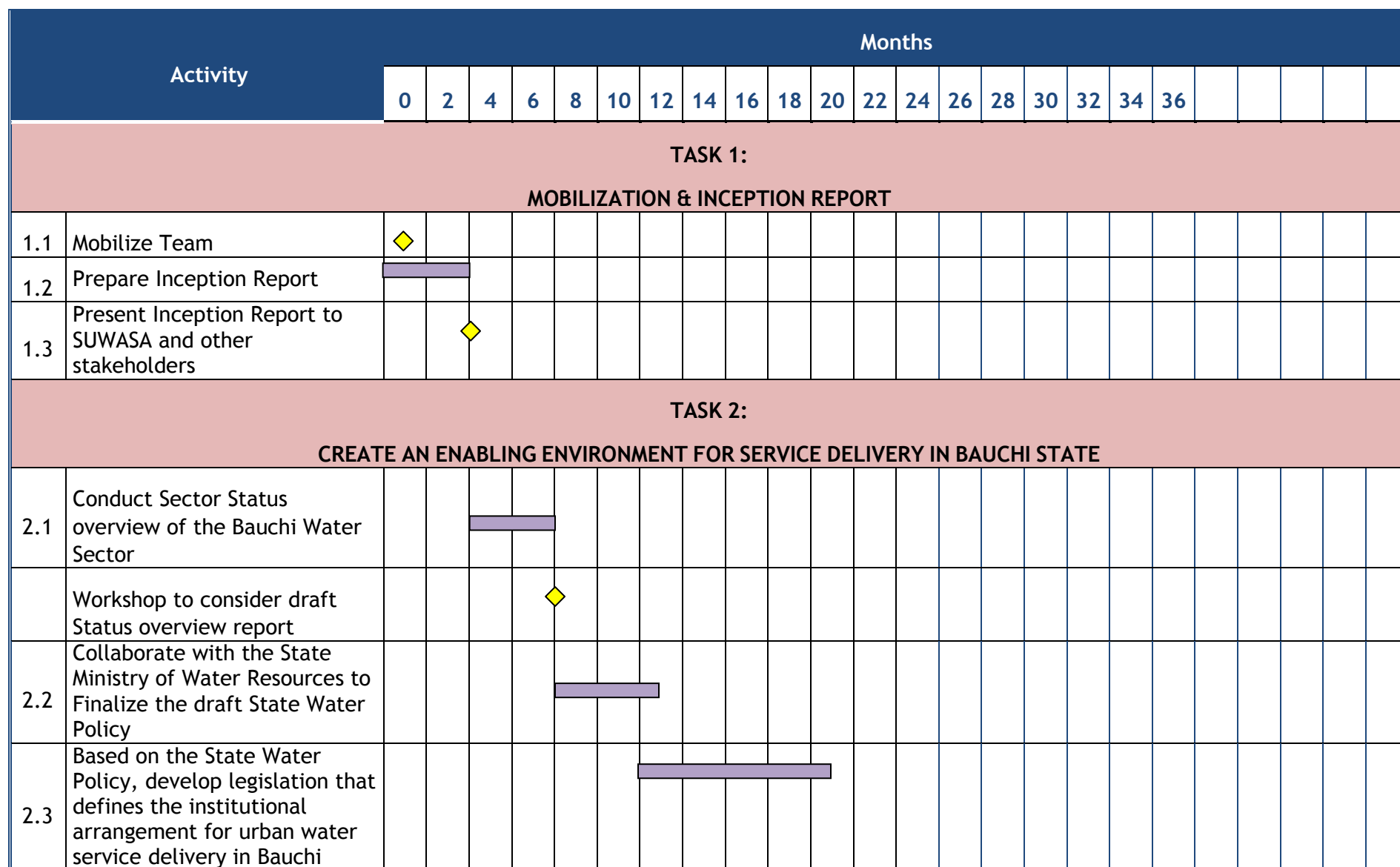
**PERSONNEL AND MANAGEMENT PLAN- ORGANIZATION CHART**



## 7 RESOURCE TABLE

	SUWASA CORE				MISSION BUY IN			
<b>DIRECT LABOR</b>	Year 1	Year 2	Year 3	All Years	Year 1	Year 2	Year 3	All Years
Long-Term U.S./TCN Employees (SUWASA Nairobi support)	51,175	53,271	55,272	159,718				-
Short-Term U.S. Tetra Tech ARD Home Office Employees	41,787	43,399	44,906	130,092				-
Short-Term U.S./TCN Consultants	17,411	8,832	4,416	30,659				-
Long-Term (CCN) Professional Employees	12,330	12,947	13,594	38,871	318,802	334,063	350,772	1,003,637
Short-Term CCN Consultants	45,000	28,350	16,538	89,888				-
<b>Total Direct Labor</b>	<b>167,703</b>	<b>146,799</b>	<b>134,726</b>	<b>449,228</b>	<b>318,802</b>	<b>334,063</b>	<b>350,772</b>	<b>1,003,106</b>
Office Equipment	10,975			10,975				-
Investment (rehabilitation works and minor extension of network) and commodities				-	500,000	506,000	540,000	1,546,000
DIRECT COSTS (including office running costs, telephone and other utilities)	72,074	24,480	24,480	121,034				-
TRAVEL (local, regional and international)	42,986	20,436	20,436	83,858				-
<b>Indirect Costs (Tetra Tech ARD overhead, G&amp;A etc)</b>	<b>72,013</b>	<b>108,672</b>	<b>103,778</b>	<b>284,463</b>	<b>133,871</b>	<b>140,186</b>	<b>56,577</b>	<b>330,634</b>
<b>Total Cost</b>	<b>198,048</b>	<b>153,588</b>	<b>148,694</b>	<b>949,600</b>	<b>952,673</b>	<b>980,249</b>	<b>947,349</b>	<b>2,880,271</b>
<b>FIXED FEE</b>	<b>22,031</b>	<b>14,565</b>	<b>13,802</b>	<b>50,400</b>	<b>38,449</b>	<b>39,789</b>	<b>42,022</b>	<b>120,261</b>
<b>TOTAL PROJECT COST</b>	<b>387,782</b>	<b>314,952</b>	<b>297,222</b>	<b>1,000,000</b>	<b>991,122</b>	<b>1,020,038</b>	<b>989,371</b>	<b>3,000,000</b>

## 8 PROJECT TIMELINE



[illegible]

Submit Quarterly Progress Reports			◆	◆	◆	◆	◆	◆	◆	◆	◆	◆								
Prepare Annual Work Plans								■					■							
Mid-term Review									◆											
Deliver Draft Final Report for comments															◆					
Deliver Final Report																◆				